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17 April 1958



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CENTRAL INTELLIGENCE BULLETIN



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17 APRIL 1958

I. THE COMMUNIST BLOC

Mikoyan states Soviet leaders over-estimated pressure of world opinion to force summit meeting on Soviet terms.

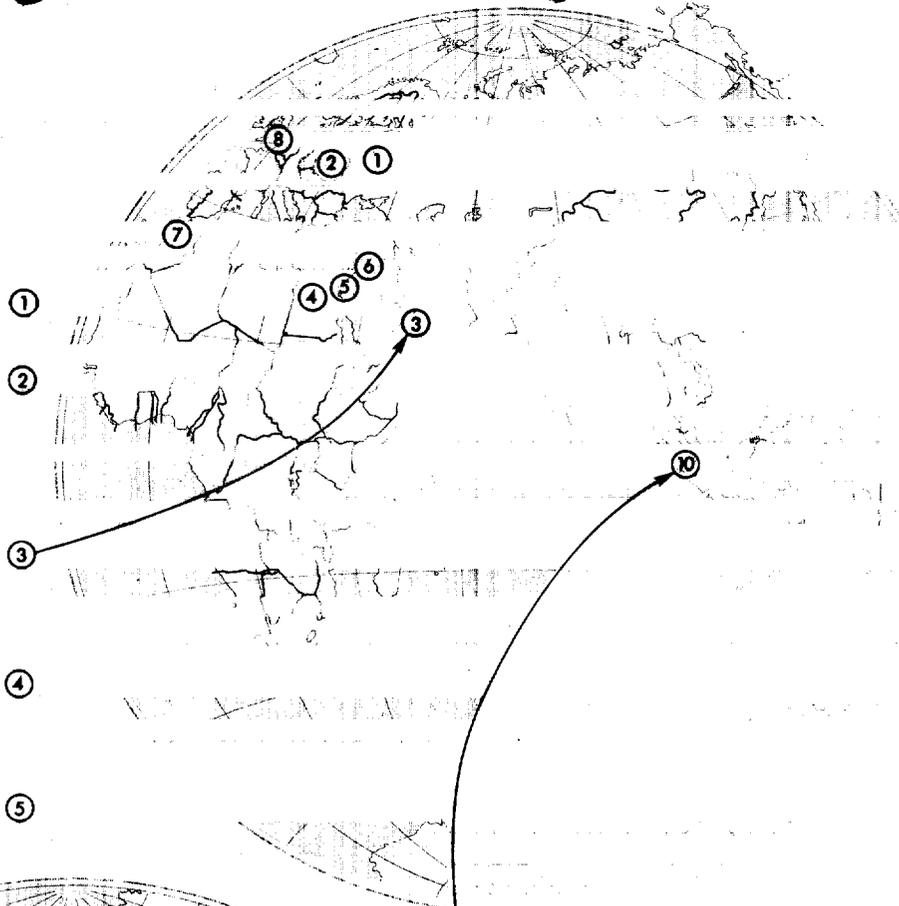
Poland - Gomulka proposes tighter party control over workers.

II. ASIA-AFRICA

Labor unrest brewing in US-owned oil operations in eastern Saudi Arabia.

Nasir offers about \$65,000,000 to settle Suez compensation issue; British look favorably on offer; company not sure.

Israeli armor in Jerusalem for 24 April 10th anniversary celebration will probably evoke protest by Jordan; incidents possible.



⑥ Nasir worried by lack of organization in Syrian sector of UAR; considering visit to Damascus.

⑦ Morocco - Istiqlal party government officials resign in effort to force King to accept Istiqlal monopoly of cabinet.

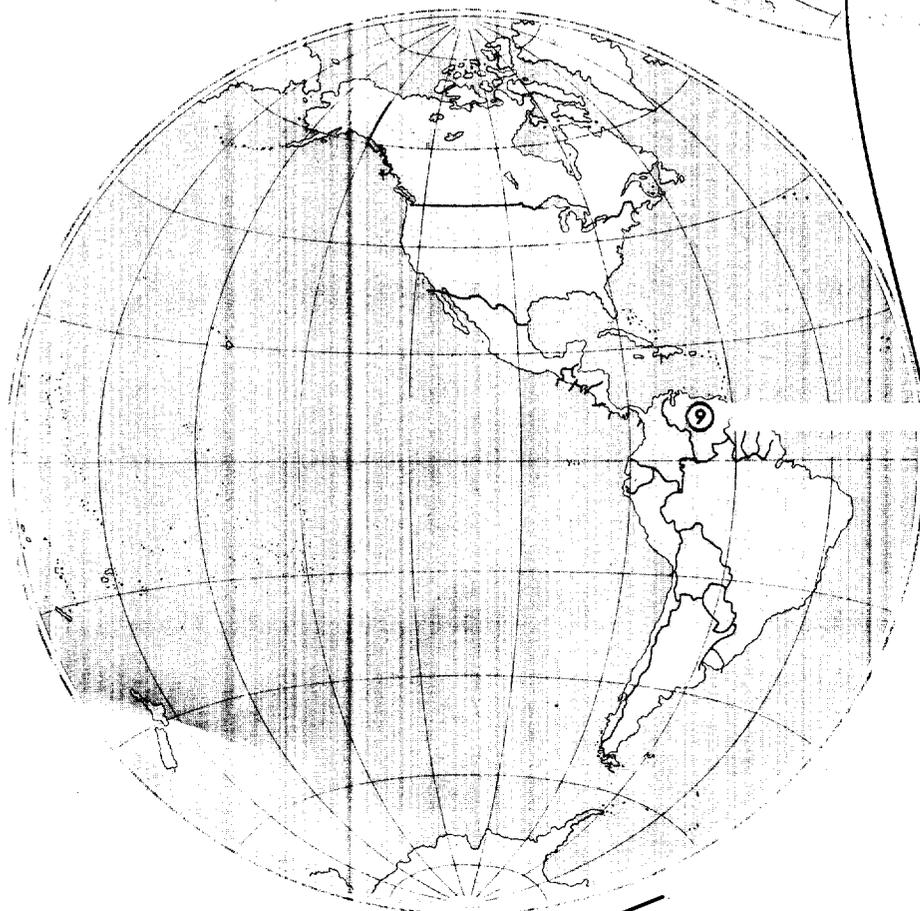
III. THE WEST

⑧ Britain and West Germany propose settlement of support-cost dispute; bigger problem of UK military ties with Continent remains.

⑨ Venezuela - Jockeying by military and civilian junta elements continues to threaten transition toward constitutional government.

LATE ITEM

⑩ Indonesia - Djakarta announces amphibious invasion of Central Sumatra's west coast began at dawn 17 April. Operation apparently proceeding successfully in accordance with schedule.



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CENTRAL INTELLIGENCE BULLETIN

17 April 1958

DAILY BRIEF

I. THE COMMUNIST BLOC

USSR - Summit tactics: Remarks by Soviet leaders [redacted] reflect growing irritation over their failure to force the Western powers to drop their insistence on substantive preparatory talks for a summit meeting. Mikoyan recently told the Swiss ambassador that the Soviet leaders had been counting on the pressure of public opinion in the West to force a summit meeting but apparently had overestimated its effect. [redacted] (Page 1)

Poland: The change in the status of the workers' councils in Poland, proposed by Gomulka at the fourth trade union congress, is a step away from the unique worker-management relationship in existence since 1956 in the direction of increased party control. Although the concept of providing a voice for the workers in their own management remains, they will be submerged in an organization including party, management, and trade union factory groups which represent the regime. Contrary to press interpretations, strikes have not been formally banned by law, but the regime evidently hopes to rule them out by encouraging workers to express their grievances through this new organization. [redacted] (Page 2)

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II. ASIA-AFRICA

yes

Saudi Arabia: Signs of labor unrest have been observed in the Eastern Province, where American-owned oil operations are centered. There are rumors that substantial numbers of workers will strike by not returning to work after the holidays following the end of the Moslem holy month of Ramadan on 19 April. Any outbreak of trouble might take an anti-American turn. [redacted] (Page 3) (Map)

no

Suez Canal compensation: The directors of the old Suez Canal Company are "hesitating" to accept Nasir's "quick settlement" offer to pay about \$65,000,000 in five installments between 1959 and 1964 as compensation for the company's nationalized assets in Egypt. Nasir's offer, which would also allow the company to retain about \$14,000,000 it has collected from shipowners since nationalization, is looked on favorably by the British Foreign Office, but company representatives in Paris state they had hoped for about \$170,000,000, including some cash down. [redacted] (Page 4)

yes

Israel - Jordan: Israeli preparations for an independence day parade in Jerusalem on 24 April, which will include quantities of heavy equipment in violation of the Israeli-Jordanian armistice agreement, are likely to evoke strong protests from Jordan. While the Israeli Government will take precautionary measures, UN officials fear that an incident could develop from the presence of unusually large crowds of Israelis who might demonstrate at the wall of the Jordan-controlled Old City. [redacted] (Page 5)

yes

United Arab Republic: Nasir is worried over the continued lack of organization in the Syrian government administration, although a major problem seems to be his own reluctance to delegate authority. He feels he should make another visit to Syria in the near future, but is undecided about the date. [redacted] (Page 6)

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DAILY BRIEF

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yes

Morocco: Istiqlal, the leading party in Morocco, provoked a cabinet crisis on 16 April by the collective resignation of all nine Istiqlal ministers out of a cabinet of 14. This action is designed to force King Mohamed V to form an all-Istiqlal government, for which Istiqlal has campaigned since the summer of 1956. It is timed to precede the 27 April conference of Moroccan, Algerian, and Tunisian political parties at Tangier to enhance Istiqlal's position at the meeting. [redacted] (Page 7)

III. THE WEST

no

Britain - West Germany: The provisional compromise settlement of the dispute over troop support costs promises to remove the most serious single cause of recent Anglo-German friction. The settlement is subject to NATO and WEU approval. Other members of the special NATO committee on 14 April, expressed concern, however, over the further reduction of British troops involved, pointing to the possible intensification of the broader problem of Britain's relations with the Continent. [redacted] (Page 8)

no

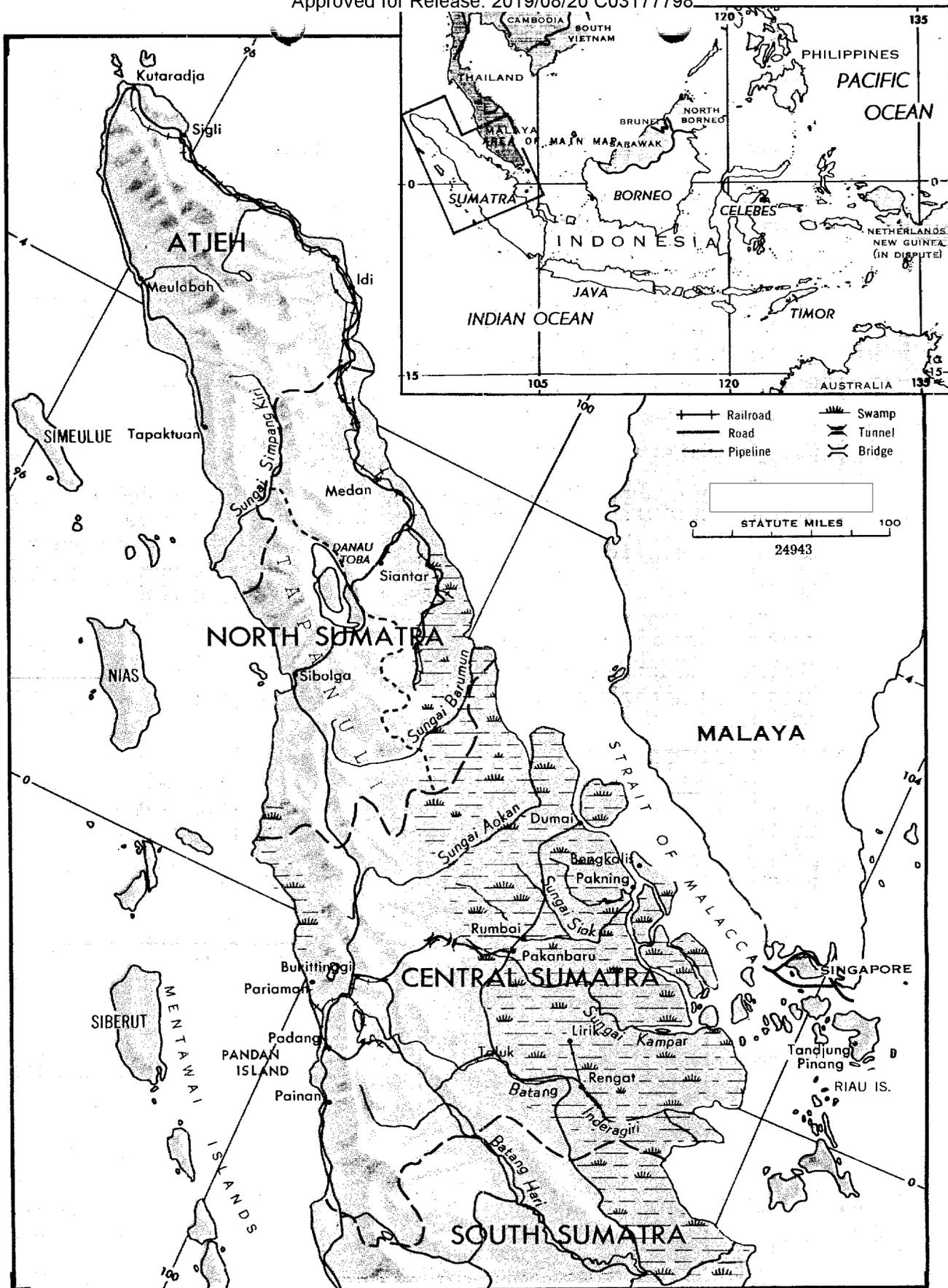
Venezuela: The governing junta has stated that it will hand over authority on 19 April 1959 to the president chosen in the free elections to be held before the end of 1958. The junta's recent rebuke to the minister of defense, who leads a group of senior officer holdovers, for a speech in which he attacked demagogic parties indicates, however, the likelihood of a continued power struggle within the military and between military and civilian groups. [redacted]

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DAILY BRIEF

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~~TOP SECRET~~ [redacted]

LATE ITEM

*Indonesia: [redacted]

[redacted] a government invasion of the west coast of Central Sumatra began at dawn Thursday with the landing of navy commandos. The operation apparently went according to plans [redacted]

No



[redacted] (See map on facing page)

17 Apr 58

DAILY BRIEF

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I. THE COMMUNIST BLOC

Soviet Views on Diplomatic Exchanges

As the East-West exchange on summit talks enters the stage of diplomatic discussions in Moscow, there are signs of irritation among the Soviet leaders over their failure to force the West to agree to a summit meeting without substantive preparatory talks. In reply to the Swiss ambassador's question why the Soviet leaders now were pessimistic about holding a summit conference, First Deputy Premier Mikoyan said they had been counting on the pressure of public opinion on the West to force a summit meeting but apparently had overestimated its effect. Mikoyan told Ambassador Thompson on 14 April that all the European countries want a summit meeting and only the United States is preventing it.

The Soviet leaders appear determined to maintain their position that preliminary diplomatic exchanges must be confined to "a minimum of questions" regarding procedural arrangements for a foreign ministers' meeting, which should be held by mid-May. Moscow probably will press for immediate agreement on the date, place, and composition of the ministers' meeting and will contend that substantive discussions on major East-West questions at the ambassadorial level would be fruitless. Khrushchev told the French ambassador on 14 April that the Western position on preparatory talks is merely an attempt to delay and evade a summit meeting. Mikoyan assured Ambassador Thompson that the heads of government should be able to decide at least a couple of important questions and the rest could be referred to the foreign ministers.

A high official of the Soviet Foreign Ministry has indicated that Gromyko will receive the Western ambassadors separately--a procedure obviously designed to exploit any failure to maintain a solid Western negotiating position.

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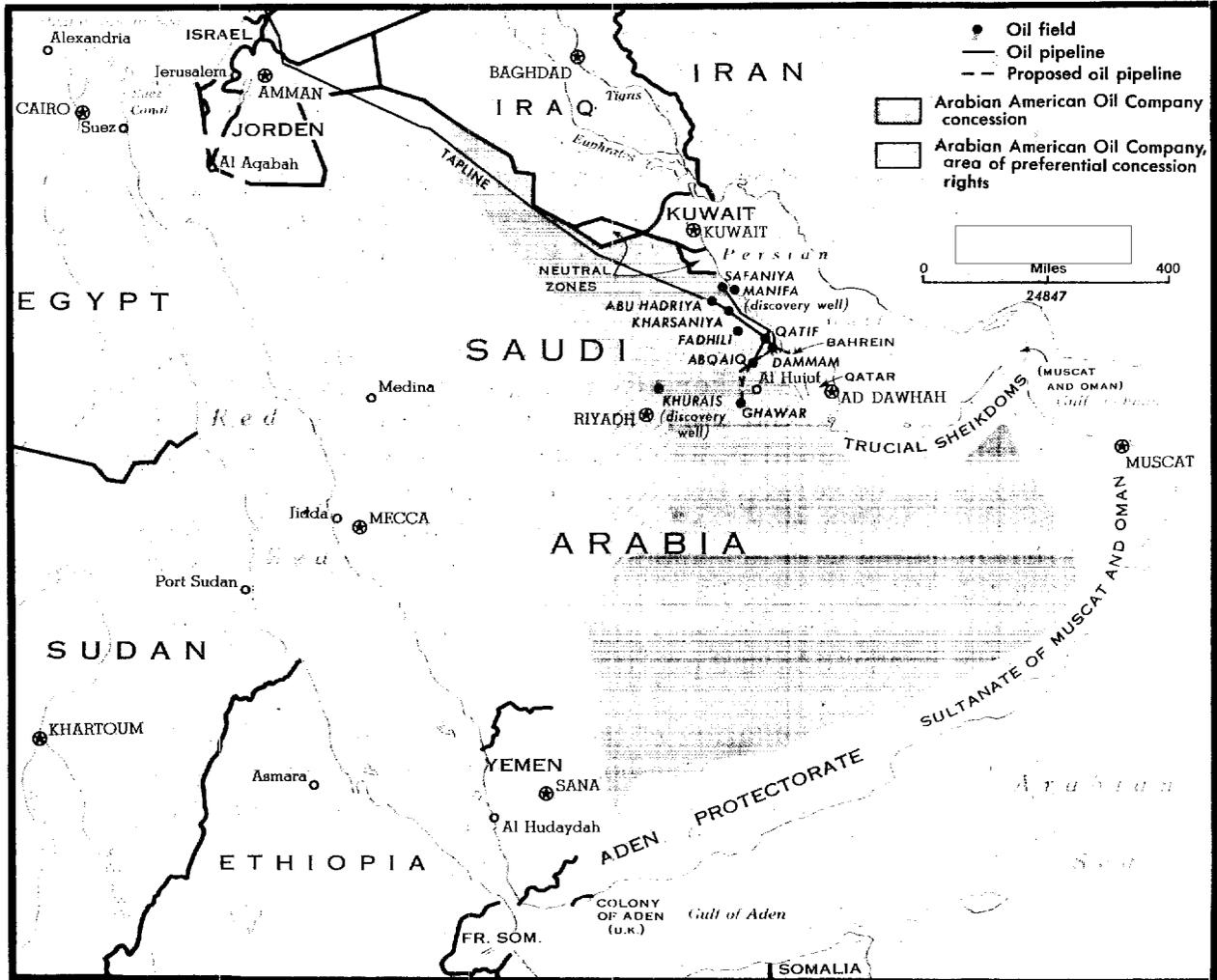
Gomulka to Increase Party Control Over Polish
Worker Organizations

In a speech to the fourth Polish trade union congress on 14 April, party First Secretary Gomulka proposed that the party, trade union, and workers' council organizations in the factories coordinate their work at "workers' self-government conferences" to be held quarterly. The workers' council is to act as the conference's executive arm between sessions, but its earlier authority would be somewhat diluted and party influence would increase.

The new organizations will permit a quicker assessment by the regime of worker attitudes and thus may prevent open clashes between the workers and the management that have heretofore plagued Polish industry. The workers will probably fear, however, that their "rights" are being circumscribed, which may lead to strikes despite Gomulka's urging that disputes with management be settled through workers' organizations rather than by strike action. He warned that norms must be raised in certain industries in order to increase production and profits.

The implementation of these proposals will probably not be uniform or rapid throughout Poland because of the differing views held by party and trade union officials within individual factories.

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II. ASIA-AFRICA

Possible Unrest Among Saudi Arabian Oil Workers

Indications of possible labor unrest in the Eastern Province of Saudi Arabia, locus of the American-owned oil operations, have been observed in recent weeks. Rumors have spread through at least one Aramco labor camp that many workers will not return to work after the holidays following the end of the Moslem holy month of Ramadan on 19 April. An open letter recently posted at Ras Tanura called on Saudi contractors to cease "exploiting laborers in this shameful way," and demanded higher pay, better housing, vacations, medical treatment, and improved transportation to and from work. During the night [redacted] [redacted] signs were painted on walls in Damman calling for overthrow of the monarchy.

Labor unrest at this time may have been caused in part by the Saudi economic crisis in which the dearth of foreign exchange has resulted in a shortage of consumer goods and higher food prices. Hopes for significant internal reform following Crown Prince Faysal's assumption of broad powers on 22 March may have led the working populace to believe it could agitate successfully, although demonstrations and strike efforts by laborers in the past have been brutally suppressed by the provincial governor, Saud ibn Jiluwi. Agitation for social and political reform, and against the American position in the Eastern Province, is also exerted among the working force by the many Palestinian Arab workers in the area. Labor unrest could be exploited by the Saudi authorities to seek new concessions from Aramco. [redacted]

[redacted]

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Nasir Offers Suez Canal Settlement Plan

President Nasir's recent offer to the Suez Canal Company has been made in an effort to improve relations with the West prior to his trip to Moscow later this month. Agreement in principle prior to his visit would place Nasir in a stronger position to deal with any Soviet offer of aid in connection with a major expansion of the canal's capacity.

Nasir has offered to settle all the Suez Company's claims for about \$65,000,000. In addition, the company would retain about \$14,000,000 in dues which it collected from shipowners since nationalization. The settlement would be payable over a five-year period beginning next year, and Cairo would assume all the old company's liabilities in Egypt, while the company would assume all liabilities outside Egypt. Although this is a considerable improvement over earlier Egyptian proposals, the company is "hesitating."

Aside from a difference of \$90,000,000 between Nasir's offer and what the company apparently had hoped to settle for, Managing Director Georges-Picot has said that the company stockholders would not trust Nasir and would be concerned over his actions during the next seven years. The directors further profess inability to understand Nasir's apparent anxiousness to settle quickly and feel that he might be induced to raise his proposed offer.

The British Foreign Office believes that Nasir's offer is reasonable, and that the French Government holds the same view.

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Israeli Activity in Jerusalem

Israel has moved 49 Sherman tanks into Jerusalem, presumably for display in a parade there on 24 April celebrating the 10th anniversary of Israel's independence. Although this is a violation of Article VII of the Israeli-Jordanian armistice agreement, which bars heavy equipment from the Jerusalem area, the Jordanians have not as yet lodged a complaint with the UN Truce Supervisory Organization. They presumably are aware of the presence of the tanks, however, and are likely to demand some UN action even though Jordanian Foreign Minister Rifai has indicated he does not believe the Israelis intend to be deliberately provocative on this occasion. Any failure by Jordan to react to Israel's violation would be exploited by United Arab Republic propaganda.

In addition, UN truce officials fear that an incident may develop from the expected presence at the parade of unusually large Israeli crowds. The Israeli Government has not formally invited foreign diplomats to the parade in deference to the continuing dispute over Jerusalem's status. Israel claims the city as its capital, while the UN still maintains that the area should be internationalized in accordance with its 1947 resolution.

[REDACTED]

[REDACTED]

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Strains in the United Arab Republic

Nasir believes that lack of organization and authority is causing considerable confusion in Syria, [redacted]

[redacted] With the center of power located in Cairo and the lines of authority not clearly defined, disagreements and complaints have become endemic in Damascus. Nasir is sufficiently concerned to be contemplating a personal visit to Syria, possibly prior to his Moscow trip. Akram Hawrani, former Syrian Baathist leader and now UAR vice president in charge of social affairs in Syria, complains that, because of Nasir's lack of trust in his Syrian ministers, no one is delegated sufficient power to arbitrate disputes among the ministers.

While former army officers, such as Interior Minister Sarraj and Municipal and Village Affairs Minister Abd al-Karim, have made a number of dramatic gestures intended to lend an aura of forcefulness to the regime, the day-to-day operations of the government have hardly lived up to public expectations. Factions are developing within the Executive Council for Syria, with civilian ministers attaching themselves to various former army officers in the cabinet. Hawrani is reported vying with Sarraj for the primary position in Syria, as well as clashing with former Syrian Prime Minister Asali, now a vice president of the UAR.

Many of these difficulties are attributable to "growing pains" inherent in developing the union of the two countries. However, they also reflect deep Syrian antagonisms toward Egyptian domination. [redacted]

[redacted]

[redacted]

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Moroccan Cabinet Crisis

King Mohamed V dissolved the Moroccan cabinet early on 16 April following the collective resignation on 15 April of all nine Istiqlal members from the 14-man cabinet. The mass resignation is the latest maneuver in a campaign begun by Istiqlal in the summer of 1956 to force the King to form an all-Istiqlal government and is timed to precede the 27 April conference of North African political parties in Tangier in which Istiqlal expects to play an influential role.

A new government is unlikely to bring about changes in Moroccan policy toward the West because Istiqlal has dominated the government since independence was obtained in March 1956.

The King, who has tacitly acknowledged the need of a cabinet reshuffle for some time, has resisted a one-party regime and may, therefore, attempt to maintain portfolios for several of his non-Istiqlal supporters. His preferred candidate for premier is reported to be former Foreign Minister Ahmed Balafrej, leader of Istiqlal's moderate wing and able supporter of the King's moderate views. Former Minister of National Economy Abderrahim Bouabid, leader of the extremist faction of Istiqlal, is reported to be the King's choice as foreign minister. He advocates a policy of neutralism--expressed as "nondependence" on either big-power bloc--and the eventual establishment of a Moroccan republic.

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III. THE WEST

Anglo-German Support Costs Agreement

The compromise between Britain and West Germany on troop-support costs promises to remove the most serious single cause of recent Anglo-German friction. On the basis of Britain's retaining 55,000 troops in Germany through March 1959 and 45,000 in the following two years, Bonn agreed to pay \$34,000,000 annually to Britain, to set up a new interest-free \$140,000,000 arms purchase account in London, and to pay \$84,000,000 now to cover four years' scheduled debt payments. The agreement must be submitted to NATO and the Western European Union, and will probably be approved.

The unfavorable reception given British troop-reduction plans by other members of the special NATO committee on 14 April points to possible intensification of the broad problem of Britain's relations with the Continent. Since March 1957, when Britain had 77,000 troops in Germany, WEU has grudgingly approved reductions first to 63,500 and then to 55,000. Plans for the further reductions may be expected to deepen suspicions that Britain does not intend to remain indefinitely committed to the ground defense of Europe. Even the three-year commitment may be greeted with considerable skepticism, in view of Britain's argument that the economic basis for its long-term cooperation with the Continent depends on approval of a Europe-wide free trade area.

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